

Message Text

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14

ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 181438Z FEB 76

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 2240

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USDEL MTN GENEVA

USMISSION OECD PARIS UNN

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, MTN, EEC, DA

SUBJECT: AMBASSADOR DEAN SPEAKS OUT ON CANNED HAM AND
COUNTERVAILING DUTY

1. SUMMARY: AT INVITATION OF SLAUGHTERHOUSE WORKERS' UNION,
AMBASSADOR SPOKE ON FEBRUARY 16 AT MEETING CONVENED IN
JUTLAND TO DISCUSS UNEMPLOYMENT PROBLEMS CAUSED BY CLOSING

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DOWN OF LOCAL HAM CANNING PLANT. MAJOR REASON FOR CLOSING OF
PLANT WAS CLAIMED TO BE REDUCED SALES TO US, WHICH MANY

MISTAKENLY ATTRIBUTED TO US GOVERNMENT ACTION. COMMERCE MINISTER ERLING JENSEN, OTHER GOVERNMENT OFFICIALS AND LEFT AND RIGHT PARLIAMENTARY LEADERS AS WELL AS TRADE UNION AND PLANT MANAGEMENT REPRESENTATIVES ALSO PARTICIPATED. AMBASSADOR EMPHASIZED, IN DANISH, THAT NO US GOVERNMENT ACTIONS HAVE LIMITED US IMPORTS OF DANISH CANNED HAMS AND THAT THE DANISH MARKETING DIFFICULTIES WERE DUE TO COMBINATION OF ECONOMIC CIRCUMSTANCES. THE DANISH GOVERNMENT AND PRESS HAVE COMMENTED FAVORABLY ON AMBASSADOR'S FACTUAL STATEMENTS AND CONCRETE REPLIES TO QUESTIONS, WITH ONE NEWSPAPER DESCRIBING HIS REMARKS AS THE ONLY TANGIBLE RESULTS OF THE MEETING. END SUMMARY

2. A LOCAL FACTION OF THE DANISH SLAUGHTERHOUSE WORKERS' UNION IN THE SMALL TOWN OF VRAA IN NORTH JUTLAND INVITED AMBASSADOR TO ATTEND A MEETING CONVENED TO DISCUSS UNEMPLOYMENT IN THE AREA RESULTING FROM THE CLOSING OF A PROCESSING PLANT SPECIALIZED IN PRODUCING CANNED HAMS FOR EXPORT. THE SHUTDOWN WAS ALLEGEDLY CAUSED BY FAILURE OF SALES TO THE US MARKET. IN ADDITION TO THE MINISTER OF COMMERCE (SOCIAL-DEMOCRAT), THE FOLLOWING LEADING POLITICIANS PARTICIPATED: POUL SCHLUTER (CONSERVATIVE), KNUD JESPERSEN (COMMUNIST), GERT PETERSEN (LEFT-WING SOCIALIST), AND PER GUDME (RADICAL LIBERAL). ALSO ATTENDING WERE SLAUGHTERHOUSE WORKERS FROM THE CLOSED PLANT AT VRAA AND A SECOND CLOSED-DOWN PLANT OWNED BY THE SAME COMPANY (DAC), LOCAL AND NATIONAL TRADE UNION OFFICIALS AND PLANT MANAGEMENT REPRESENTATIVES.

3. IN A STATEMENT TO THE GROUP, AMBASSADOR SUMMARIZED THE COUNTERVAILING DUTY PROVISIONS OF THE TRADE ACT AND EVENTS LEADING TO THE WAIVER ON EC CANNED HAMS LAST NOVEMBER. HE EMPHASIZED THAT NO US ACTIONS HAVE PREVENTED DANISH CANNED HAMS FROM ENTERING THE US MARKET, EITHER BY QUANTITATIVE RESTRICTIONS OR MEASURES TO FORCE UP PRICES. ON THE CONTRARY, THE US WAIVER HAD HELPED DENMARK TO MAINTAIN HAM EXPORTS DESPITE CONTINUED EC EXPORT SUBSIDIES. HE RECONFIRMED US HOPES THAT GENEVA TRADE TALKS WOULD LEAD TO PERMANENT SETTLEMENT OF THE EXPORT SUBSIDY/COUNTERVAILING PROBLEM. HE CITED THE COMBINATION OF ECONOMIC CIRCUMSTANCES, LIMITED OFFICIAL USE
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SUCH AS LOW US PORK PRICES, UNFAVORABLE DOLLAR/KRONE EXCHANGE RATES, DECLINE IN DANISH HOG PRODUCTION, INCREASED DANISH PRODUCTION COSTS AND KEENER COMPETITION FROM EASTERN EUROPE, AS SOURCE OF DIFFICULTIES LEADING TO REDUCED DANISH SALES TO US DURING 1974 AND EARLY 1975. HE ALSO NOTED THAT THE EC HAD REDUCED EXPORT RESTITUTIONS PRIOR TO PASSAGE OF NEW US TRADE ACT. HE POINTED OUT THAT DANISH CANNED HAM SALES TO US INCREASED 47 PERCENT IN QUANTITY AND 83 PERCENT IN VALUE DURING THE LAST QUARTER OF 1975 COMPARED WITH THE AVERAGE OF THE FIRST NINE MONTHS AS RESULT OF IMPROVED US PORK PRICES AND DOLLAR

STRENGTHENING, SHOWING THAT ECONOMIC FACTORS HAVE PRIMARILY DETERMINED LEVEL OF EXPORTS.

4. IN RESPONSE TO A QUESTION AS TO WHY DANISH HAM EXPORTS TO US IN 1975 DROPPED BY 29 PERCENT (SIC.--CANNED HAM AND SHOULDERS WERE DOWN 19 PERCENT) WHILE POLAND'S EXPORTS INCREASED 30 PERCENT, THE AMBASSADOR POINTED TO LOWER COST OF POLISH HAM AS WELL AS OF US PRODUCT AND INCREASED PRICE CONSCIOUSNESS OF US HOUSEWIFE. (PLANT MANAGEMENT ADMITTED THAT REDUCED PORK SUPPLIES AND INCREASED INPUT COSTS HAD PUSHED UP DANISH HAM PRICES.).

5. THE MEETING, UNUSUAL IN DENMARK, RECEIVED NATIONAL PRESS COVERAGE BOTH BEFOREHAND AND AFTERWARDS. NEWSPAPER REPORTS OF THE AMBASSADOR'S STATEMENTS HAVE BEEN FACTUAL AND POSITIVE, EVEN IN WORKERS' PRESS. LOCAL AREA PAPER HEADLINED "USA HAS HELPED HAM EXPORTS" AND CITED ACCURATELY COUNTERVAILING/HAM AND OTHER BACKGROUND. ONE COMMENT WAS THAT AMBASSADOR WAS ABLE TO DOCUMENT INTER ALIA THAT US GOVERNMENT WAS NOT RESPONSIBLE FOR REDUCED HAM EXPORTS AND CONSEQUENT CLOSING OF THE VRAA PLANT NOR HAD US SHOWED LACK OF GOODWILL IN DEALING WITH SUBSIDY/COUNTERVAILING ISSUE. ANOTHER PAPER (SOCIAL-DEMOCRAT PRESS) COMMENTED THAT AMBASSADOR'S REMARKS WERE THE ONLY REALISTIC RESULT TO COME OUT OF THE MEETING.

6. COMMENT: WE BELIEVE THAT AMBASSADOR'S STATEMENTS AND THE POSITIVE PRESS RESPONSE HAVE EFFECTIVELY SERVED TO REFUTE PUBLIC INSINUATIONS THAT US TRADE POLICIES AND "GROWING PROTECTIONISM" WERE RESPONSIBLE FOR REDUCED DANISH CANNED MEAT EXPORTS TO US AND UNEMPLOYMENT IN DENMARK. FACT THAT STATEMENTS WERE MADE IN DANISH LANGUAGE NOT ONLY FACILITATED UNDERSTANDING BY MAJORITY LIMITED OFFICIAL USE
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OF WORKER AND TRADE UNION PARTICIPANTS BUT ALSO ENSURED ACCURATE PRESS QUOTATION.
DEAN

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